

SERFF Tracking Number:	PRUD-126730901	State:	California
Filing Company:	The Prudential Insurance Company of America	State Tracking Number:	PF-2010-01396
Company Tracking Number:	EDBS-PRUMED-CA-RR-2010		
TOI:	H16I Individual Health - Major Medical	Sub-TOI:	H16I.005C Individual - Other
Product Name:	PruMed 83		
Project Name/Number:	/		

## Filing at a Glance

Company: The Prudential Insurance Company of America

Product Name: PruMed 83

SERFF Tr Num: PRUD-126730901 State: California

TOI: H16I Individual Health - Major Medical

SERFF Status: Assigned

State Tr Num: PF-2010-01396

Sub-TOI: H16I.005C Individual - Other

Co Tr Num: EDBS-PRUMED-CA-RR-2010

State Status:

Filing Type: Rate

Reviewer(s): Angela Jang, Marsha Seeley, Sai-on Sam, Ali Zaker-Shahrak, Xiangchen Meng

Authors: Kathleen Carlon-Weir, Su

Yang, Ryan Roebuck

Date Submitted: 07/21/2010

Disposition Date:

Disposition Status:

Implementation Date Requested: 10/17/2010

Implementation Date:

## General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments: Approved by NJ on 08/13/2007; this was reflected in our 2008 rate filing.

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact: 10%

Group Market Type:

Filing Status Changed: 07/21/2010

Explanation for Other Group Market Type:

State Status Changed:

Deemer Date:

Created By: Ryan Roebuck

Submitted By: Ryan Roebuck

Corresponding Filing Tracking Number:

PPACA: Not PPACA-Related

Filing Description:

The referenced rate increase is being submitted for your review.

Policy form Pru-MED 83 is an existing policy form providing medical expense benefits. This form was issued from 1983 through 1993 and is no longer marketed in any state. The company is requesting a 10% rate increase in order to reduce future losses and maintain a more reasonable relationship between benefits and premiums. The requested rates will apply to policies on their next premium due date on or after October 17, 2010. No policyholder will receive a rate

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increase without being given adequate prior notice as required by law.

The following items are included in this submission:

„X This cover letter;  
„X The required California Document Submission Formset;  
„X The Actuarial Memorandum, Actuarial Supplement,  
and Rate Schedules.

## Company and Contact

### Filing Contact Information

Surangi Patel, Vice President, Actuarial surangi.patel@prudential.com  
Prudential 973-367-3011 [Phone]  
751 Broad Street 973-367-8737 [FAX]  
Newark, NJ 07102

### Filing Company Information

The Prudential Insurance Company of America CoCode: 68241 State of Domicile: New Jersey  
751 Broad Street Group Code: 304 Company Type: Life  
Newark, NJ 07102-3777 Group Name: State ID Number: 0174-8  
(973) 802-6000 ext. [Phone] FEIN Number: 22-1211670

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## Filing Fees

Fee Required? Yes  
Fee Amount: \$0.00  
Retaliatory? No  
Fee Explanation: Per CA general filing requirement, the fee is billed in arrears.  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Prudential Insurance Company of America	\$0.00		

SERFF Tracking Number:	PRUD-126730901	State:	California
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## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:*	Rate Action Information:	Attachments
	Rate Schedule	PRUMED 83	New		CA_10.17.10.pdf

Attachment A

The Prudential Insurance Company of America

Table of Premium Rates for Pru-MED 83

The premium rate for each Pru-MED 83 contract will be calculated using the following seven step process.

- Step 1: For each individual covered by the contract, obtain the annual base premium rate shown in Table I (attached). Use the "children" rate only once, regardless of the number of children covered by the contract.
- Step 2: Multiply the annual base premium rate by the appropriate area factor shown in Table II (attached) to get the standard rate for the area. Apply the area factor separately against the adult premium, children premium, and maternity premium rates.
- Step 3: For each adult classified as a non-smoker, multiply the non-maternity rates calculated in Step 2 by 10%. Subtract this amount from the result of Step 2. For each adult not classified as a non-smoker, use the Step 2 rates without adjustment.
- Step 4: For each adult whose occupation is classified as non-standard, multiply the non-maternity rates calculated in Step 2 by 15%. Add this amount to the result of Step 3. For each adult whose occupation is not classified as non-standard, use the rate from Step 3 without adjustment.
- Step 5: For each insured classified as impaired, multiply the rate from Step 2 (excluding maternity) by the appropriate percentage: 25%, 50%, 75%, or 100%. Add the amount to the result of Step 4. (For children, add the increment to the children rate from Step 2.)
- Step 6: Sum the premium rates for each insured from Step 5 and the maternity premium rate from Step 2. If premium is paid semi-annually, multiply this sum by 0.51. If premium is paid quarterly, multiply this sum by 0.26. If premium is paid monthly, multiply this sum by 0.088. Otherwise, make no adjustment to this sum.
- Step 7: Add the appropriate contract constant for the contract premium payment mode. The contract constants are:

Table of Contract Constants

Premium Mode	Fee per Premium Payment
Annual	\$25
Semiannual	\$15
Quarterly	\$8
Monthly	\$3

# Attachment A

## The Prudential Insurance Company of America

### Table I - Annual Premium Rates for Pru-MED 83

Effective October 17, 2010

#### California

Daily Room and Board Benefit	\$125	\$150	\$175	\$200	\$225	\$250	\$275	\$300
Surgical Schedule	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$5,000	\$5,000	\$6,000

Attained Age - Male								
18-29	\$4,185	\$4,323	\$4,492	\$4,890	\$5,062	\$5,501	\$5,658	\$6,078
30-34	\$4,485	\$4,657	\$4,852	\$5,287	\$5,501	\$5,966	\$6,168	\$6,618
35-39	\$5,137	\$5,370	\$5,636	\$6,168	\$6,446	\$7,023	\$7,286	\$7,844
40-44	\$5,909	\$6,217	\$6,566	\$7,211	\$7,582	\$8,279	\$8,624	\$9,310
45-49	\$6,884	\$7,316	\$7,773	\$8,587	\$9,059	\$9,937	\$10,394	\$11,249
50-54	\$8,009	\$8,560	\$9,138	\$10,158	\$10,750	\$11,826	\$12,408	\$13,465
55-59	\$9,678	\$10,413	\$11,185	\$12,513	\$13,296	\$14,687	\$15,464	\$16,828
60 and over	\$12,175	\$13,180	\$14,219	\$16,019	\$17,087	\$18,962	\$20,004	\$21,857

Attained Age - Female								
18-29	\$7,106	\$7,522	\$7,983	\$8,958	\$9,423	\$10,443	\$10,900	\$11,909
30-34	\$7,256	\$7,668	\$8,118	\$9,052	\$9,513	\$10,514	\$10,957	\$11,943
35-39	\$7,604	\$8,032	\$8,493	\$9,475	\$9,955	\$10,998	\$11,459	\$12,483
40-44	\$8,032	\$8,485	\$8,973	\$10,027	\$10,529	\$11,628	\$12,123	\$13,199
45-49	\$8,650	\$9,190	\$9,768	\$10,900	\$11,500	\$12,693	\$13,274	\$14,440
50-54	\$9,250	\$9,880	\$10,544	\$11,766	\$12,456	\$13,731	\$14,402	\$15,666
55-59	\$10,158	\$10,934	\$11,740	\$13,109	\$13,945	\$15,381	\$16,199	\$17,597
60 and over	\$11,331	\$12,273	\$13,248	\$14,834	\$15,827	\$17,488	\$18,471	\$20,094

Children	\$5,523	\$5,632	\$5,786	\$6,251	\$6,434	\$6,989	\$7,154	\$7,679
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Maternity	\$8,984	\$10,072	\$11,136	\$13,776	\$14,871	\$17,488	\$18,587	\$21,171
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## Attachment A

The Prudential Insurance Company of America

Table II – Area Factors for Pru-MED 83

State	Zip Code	Area Factor		State	Zip Code	Area Factor
Alabama	All	1.15		Missouri	All	1.00
Alaska	All	1.00		Montana	All	1.00
Arizona	All	1.40		Nebraska	All	1.00
Arkansas	All	1.10		Nevada	All	1.40
California	900-918,	1.90		New Hampshire	All	1.00
	926-928			New Jersey	All	1.00
	All others	1.20		New Mexico	All	1.00
Colorado	All	1.00		New York	All	1.00
Connecticut	All	1.00		North Carolina	All	1.00
Delaware	All	1.00		North Dakota	All	1.00
District of Columbia	All	1.00		Ohio	All	1.00
Florida	322	1.45		Oklahoma	All	1.10
	330-333	1.80		Oregon	All	1.00
	All others	1.10		Pennsylvania	All	1.00
Georgia	All	1.10		Rhode Island	All	1.00
Hawaii	All	1.00		South Carolina	All	1.00
Idaho	All	1.00		South Dakota	All	1.00
Illinois	606	1.05		Tennessee	All	1.20
	All others	1.00		Texas	770-777	1.70
Indiana	All	1.00			All others	1.25
Iowa	All	1.00		Utah	All	1.00
Kansas	All	1.00		Vermont	All	1.00
Kentucky	All	1.00		Virginia	All	1.00
Louisiana	All	1.20		Washington	All	1.00
Maine	All	1.00		West Virginia	All	1.00
Maryland	All	1.00		Wisconsin	All	1.00
Massachusetts	All	1.00		Wyoming	All	1.00
Michigan	All	1.00		Guam	All	1.00
Minnesota	All	1.00		Virgin Islands	All	1.00
Mississippi	All	1.20				

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Product Name: PruMed 83  
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## Supporting Document Schedules

		Item Status:	Status Date:
<b>Satisfied - Item:</b>	Filing Cover Sheet		
<b>Comments:</b>			
<b>Attachment:</b>			
California.pdf			
		Item Status:	Status Date:
<b>Satisfied - Item:</b>	Actuarial Memorandum		
<b>Comments:</b>			
<b>Attachment:</b>			
California.pdf			
		Item Status:	Status Date:
<b>Satisfied - Item:</b>	Document Submission Formset		
<b>Comments:</b>			
<b>Attachment:</b>			
California Document Submission Formset.pdf			
		Item Status:	Status Date:
<b>Satisfied - Item:</b>	Health Rate Supplemental Form		
<b>Comments:</b>			
<b>Attachment:</b>			
CA Company Questionnaire 2010.pdf			

July 20, 2010

Honorable Steve Poizner  
Insurance Commissioner

California Department of Insurance  
Policy Approval Bureau  
45 Fremont Street, 24th Floor  
San Francisco, CA 94105

RE: The Prudential Insurance Company of America  
Company NAIC #68241  
Rate Increase for Policy Form Pru-MED 83

Dear Commissioner Poizner:

The referenced rate increase is being submitted for your review.

Policy form Pru-MED 83 is an existing policy form providing medical expense benefits. This form was issued from 1983 through 1993 and is no longer marketed in any state. The company is requesting a 10% rate increase in order to reduce future losses and maintain a more reasonable relationship between benefits and premiums. The requested rates will apply to policies on their next premium due date on or after October 17, 2010. No policyholder will receive a rate increase without being given adequate prior notice as required by law.

The following items are included in this submission:

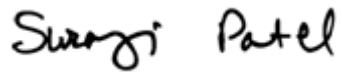
- This cover letter;
- The required California Document Submission Formset;
- The Actuarial Memorandum, Actuarial Supplement, and Rate Schedules.

The contact person for this filing is:

Mr. James Widner  
Prudential Insurance Company  
Enterprise Discontinued Business Solutions  
751 Broad Street, 2<sup>nd</sup> Floor  
Newark, NJ 07102

Thank you for your assistance in reviewing this filing.

Respectfully,

A handwritten signature in black ink that reads "Sue U. Patel". The signature is written in a cursive, flowing style.

Sue U. Patel, ASA, MAAA  
Vice President, Actuarial

Enclosures

## **ACTUARIAL MEMORANDUM**

### **The Prudential Insurance Company of America Policy Form Pru-MED 83**

#### **California**

Policy Form Pru-Med 83 is an individual health policy form providing medical expense benefits. Although originally issued on an optionally renewable basis, the form has been endorsed so it is now non-renewable for stated reasons only. This policy form was issued from 1983 to 1993. There were 3 contract holders in force as of December 31, 2009 who were issued a Pru-Med 83 contract in California.

#### **I. Purpose of Filing**

This actuarial memorandum has been prepared for the purpose of demonstrating the reasonableness of the requested rates in relation to loss ratio standards, and may not be suitable for other purposes.

#### **II. Description of Benefits**

This policy form provides coverage for specified medical expenses, including: hospital room and board, other services and supplies furnished by a hospital for medical care (except professional services), surgery, in-hospital doctor visits, nursing home care, home health care, hospice care, and additional covered services and supplies. Additional services and supplies include charges for physician services not delivered during an inpatient hospital stay, services performed by a physical or occupational therapist, services performed by a qualified speech therapist, and other miscellaneous expenses.

Coverage for hospital room and board charges, surgical procedures, in-hospital doctor visits, nursing home care, home health care, and hospice care are subject to inside limits. Certain services are also subject to deductibles and/or coinsurance. The lifetime maximum benefit that will be covered by the policy is \$1,000,000 per insured.

Maternity coverage is available on an optional basis. The benefits covered for maternity care are the same as those paid under the contract for the care and treatment of sickness.

#### **III. Policy Experience**

Nationwide experience for this policy form is shown in Table 1 and Table 2. Table 1 shows historical experience on a statutory accounting basis. Table 2 shows experience on a restated basis for the last five calendar years. Earned premium in Table 2 has been adjusted to the original rate level.

# ACTUARIAL MEMORANDUM

## The Prudential Insurance Company of America Policy Form Pru-MED 83

### California

**Table 1: Historical Statutory Experience  
Nationwide**

(1)  Calendar Year	(2)  Earned Premium	(3)  Incurred Claims	(4)  Loss Ratio (3) / (2)
2004 and Prior	506,741,168	348,665,332	68.8%
2005	5,976,427	5,724,166	95.8%
2006	5,086,345	4,046,952	79.6%
2007	4,156,969	2,498,129	60.1%
2008	3,301,070	2,783,436	84.3%
2009	2,547,893	2,983,350	117.1%
2005 to 2009	21,068,704	18,036,033	85.6%
Total	527,809,872	366,701,365	69.5%
Total (accumulated to 12/31/09 @ 4.5%)	1,136,125,036	755,109,510	66.5%

**Table 2: Restated Experience  
Nationwide**

(1)  Calendar Year	(2)  Earned Premium	(3)  Incurred Claims	(4)  Loss Ratio (3) / (2)
2005	1,467,058	5,724,166	390.2%
2006	1,068,192	4,046,952	378.9%
2007	708,536	2,498,129	352.6%
2008	475,500	2,783,436	585.4%
2009	343,619	2,983,350	868.2%
2005 to 2009	4,062,907	18,036,033	443.9%

## ACTUARIAL MEMORANDUM

### The Prudential Insurance Company of America Policy Form Pru-MED 83

#### California

#### IV. History of Previous Rate Revisions

Previous rate increases since 1988 are summarized below. These are the rate increases applied in California.

**Table 3: Rate Revision History**

Effective Date	Rate Increase
11/23/89	15.0%
02/17/92	15.0%
05/10/94	10.0%
12/20/00	25.0%
12/28/01	25.0%
03/21/03	25.0%
04/04/04	30.0%
04/30/05	30.0%
04/30/06	15.0%
04/30/07	15.0%
04/30/08	10.0%
10/17/09	10.0%

#### V. Calculation of the Increase

Calculation of the rate increase consisted of the following steps:

1. *Determine Loss Ratio for Base Period:* The historical premium was adjusted to the original rate basis for this policy form. As shown in Table 2, the loss ratio for the base experience period (2009) is 868.2% on this rate basis.
2. *Trend Loss Ratio:* The loss ratio above was then trended forward to the central date of the rate effective period. Under the assumed effective date of 10/17/10, the central date becomes 05/31/11. The trending period is 23.0 months, from 07/01/09 to 05/31/11.

An annual trend factor was developed by performing a linear regression on the natural logarithms of the adjusted loss ratios shown in Table 2. This is consistent with the exponential or "compound interest" model of trend. The slope of this line yields an annual trend factor of 22.6%. However, according to the Spring 2009 AON Health Care Survey, the medical trend rates for plans that do not include

## ACTUARIAL MEMORANDUM

### The Prudential Insurance Company of America Policy Form Pru-MED 83

#### California

pharmacy benefits is 12.4%. Prudential is using the 12.4% as the annual trend factor.

The projected loss ratio, on the common rate basis is thus:

$$868.2\% \times (1 + 12.4\%)^{(23.0/12)} = 1085.9\%$$

3. *Adjust to Current Rate Level:* The projected loss ratio was then adjusted to reflect the current rate level in California, which is 713% of the original rate level. The projected loss ratio becomes 152.32% on the current California rate level and is calculated as follows:

$$1085.9\% / 7.13 = 152.32\%$$

4. *Calculate Maximum Rate Increase:* The maximum justifiable rate increase was calculated as follows:

$$152.32\% / 0.80 - 1 = 90.4\%$$

This assumes a target loss ratio of 80.0%. The premium rates attached to this memorandum will become effective no sooner than 12 months after the prior premium rates became effective.

5. We are requesting an increase of 10.0%.

Corresponding rate tables are included with this memorandum as Attachment A. These revised rates will apply to policies on their next premium due date on or after 10/17/10. To yield an average increase of 10.0% as requested above, we applied a 10.1% increase to the base premiums but did not apply any increase to the contract constant fee per premium payment. The net effect on the policyholders' rates is a 10.0% increase. The contract constant fee has remained unchanged since the introduction of the Pru-Med 83 form in 1983.

## VI. Demonstration of Satisfaction of Loss Ratio Requirements

As shown above, the future expected loss ratio exceeds the minimum loss ratio of 80.0%.

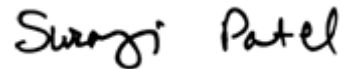
## ACTUARIAL MEMORANDUM

The Prudential Insurance Company of America  
Policy Form Pru-MED 83

California

### VII. Actuarial Certification

In my opinion, this actuarial memorandum has been developed using reasonable and appropriate assumptions and methods. Therefore, I believe the benefits to be reasonable in relation to the resulting rates, under the standards described above.



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Sue U. Patel, ASA, MAAA  
Vice President, Actuarial

July 20, 2010

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Date

CALIFORNIA DOCUMENT SUBMISSION FORMSET

California Insurer Number: (NOT NAIC Number) <b>0178-4</b>		FOR DEPARTMENT USE ONLY		
Official Insurer Name: <b>The Prudential Insurance Company of America</b>		Our File #	Fee Code:	
		Reviewer:		
Submitter and Complete Mailing Address: <b>James Widner Prudential Financial 751 Broad Street 2<sup>nd</sup> Floor Newark, NJ 07102</b>				
Submission Date: <b>July 20, 2010</b>		Dept Action Date:		
Document Form Number	Doc Type ("Policy," etc)	Document Coverage	Department Action	Fee
<b>1. PruMED 83</b>	<b>Rate</b>			
<b>2.</b>				
<b>3.</b>				
<b>4.</b>				
<b>5.</b>				
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<b>14.</b>				
<b>15.</b>				
<b>16.</b>				
<p>INSTRUCTIONS: Complete the part of the form to the left of the double vertical line. Enter one document to a numbered line. Use additional formsets if necessary. Be accurate – the copy of this form that we return to you will be your only record of our action on your submission.</p> <p><b>THIS IS NOT A BILL – DO NOT PAY. YOU WILL RECEIVE A SEPARATE FILING FEE INVOICE SHORTLY; REMIT FEES ONLY WITH THAT INVOICE.</b></p>				<p>Total \$</p> <p>Cont'd on ____ Pages</p>

# HEALTH RATE FILING - SUPPLEMENTAL CHECKLIST

1	Company Name :	The Prudential Insurance Company of America																							
2	Company NAIC Number:	68241																							
4	Policy Approval Bureau File Number:																								
3	Policy Form Number/Identifier:	PRUMED 83																							
3	Policy Form Description	Major Medical Expense																							
5	Rate Increases that is being requested ( % ) :	10.00%																							
6	Date when the application for Rate increase was mailed to the Cal. Dept. of Ins.:																								
7	Date when the company plans to implement the proposed rate increase:	October 17, 2010																							
8	Date when the policy was first issued:	1983																							
9	Is this block of business open or closed?	Closed																							
10	If the block of business closed, state the date when the last policy was issued.	1993																							
11	Policyholder counts, the latest statistics available:	<table border="1"> <thead> <tr> <th>As of [Date]</th> <th>Policyholder Count</th> </tr> </thead> <tbody> <tr> <td>May 30, 2010</td> <td>3</td> </tr> <tr> <td>May 30, 2010</td> <td>271</td> </tr> </tbody> </table>		As of [Date]	Policyholder Count	May 30, 2010	3	May 30, 2010	271																
As of [Date]	Policyholder Count																								
May 30, 2010	3																								
May 30, 2010	271																								
12	Policyholder counts, as of 12/31/xx, for the most recent ten years, or since the policy was first issued:	<table border="1"> <thead> <tr> <th>Year</th> <th>Policyholder Count</th> </tr> </thead> <tbody> <tr><td>12/31/2009</td><td>3</td></tr> <tr><td>12/31/2008</td><td>3</td></tr> <tr><td>12/31/2007</td><td>3</td></tr> <tr><td>12/31/2006</td><td>3</td></tr> <tr><td>12/31/2005</td><td>4</td></tr> <tr><td>12/31/2004</td><td>6</td></tr> <tr><td>12/31/2003</td><td>8</td></tr> <tr><td>12/31/2002</td><td>10</td></tr> <tr><td>12/31/2001</td><td>19</td></tr> <tr><td>12/31/2000</td><td>28</td></tr> </tbody> </table>		Year	Policyholder Count	12/31/2009	3	12/31/2008	3	12/31/2007	3	12/31/2006	3	12/31/2005	4	12/31/2004	6	12/31/2003	8	12/31/2002	10	12/31/2001	19	12/31/2000	28
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12/31/2001	3,203																								
12/31/2000	4,263																								
13	Average Duration , in years, of the block of business, as of 12/31/xxxx, for the most recent ten years, or since the policy was first issued:	<table border="1"> <thead> <tr> <th>Year</th> <th>Average Duration</th> </tr> </thead> <tbody> <tr><td>12/31/2009</td><td>16.0</td></tr> <tr><td>12/31/2008</td><td>15.0</td></tr> <tr><td>12/31/2007</td><td>14.0</td></tr> <tr><td>12/31/2006</td><td>13.0</td></tr> <tr><td>12/31/2005</td><td>13.0</td></tr> <tr><td>12/31/2004</td><td>12.6</td></tr> <tr><td>12/31/2003</td><td>12.3</td></tr> <tr><td>12/31/2002</td><td>11.4</td></tr> <tr><td>12/31/2001</td><td></td></tr> </tbody> </table>		Year	Average Duration	12/31/2009	16.0	12/31/2008	15.0	12/31/2007	14.0	12/31/2006	13.0	12/31/2005	13.0	12/31/2004	12.6	12/31/2003	12.3	12/31/2002	11.4	12/31/2001			
Year	Average Duration																								
12/31/2009	16.0																								
12/31/2008	15.0																								
12/31/2007	14.0																								
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12/31/2005	13.0																								
12/31/2004	12.6																								
12/31/2003	12.3																								
12/31/2002	11.4																								
12/31/2001																									

Nationwide :

12/31/2000	
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Year	Average Duration
12/31/2009	21.2
12/31/2008	20.2
12/31/2007	19.1
12/31/2006	18.1
12/31/2005	17.1
12/31/2004	15.8
12/31/2003	14.7
12/31/2002	13.6
12/31/2001	
12/31/2000	

14 **Realized Historical Loss Ratio, by Issue Year and duration, excluding Active Lives Reserves :**

Issue Year	Duration	Realized Loss Ratio
2009	1 Year	
	2 Year	
	3 Year	
	4 Year	
	5 Year	
	6 Year	
	7 Year	
	8 Year	
	9 Year	
	10 Year	
2008	1 Year	
	2 Year	
	3 Year	
	4 Year	
	5 Year	
	6 Year	
	7 Year	
	8 Year	
	9 Year	
	10 Year	
2007	1 Year	
	2 Year	
	3 Year	
	4 Year	
	5 Year	
	6 Year	
	7 Year	
	8 Year	
	9 Year	
	10 Year	
.....	.....	.....
2000	1 Year	
	2 Year	
	3 Year	
	4 Year	
	5 Year	
	6 Year	
	7 Year	
	8 Year	
	9 Year	
	10 Year	

15 **Total Realized Historical Loss Ratio for all durations and excluding changes in Active Lives Reserves**

California :

Year	Realized Loss Ratio
2009	0.5%
2008	-0.1%
2007	0.2%

2006	2.8%
2005	-156.7%
2004	424.9%
2003	23.7%
2002	272.2%
2001	26.0%
2000	110.9%

Nationwide :

Year	Realized Loss Ratio
2009	117.1%
2008	84.3%
2007	60.1%
2006	79.6%
2005	95.8%
2004	78.8%
2003	103.3%
2002	93.4%
2001	89.2%
2000	125.0%

- 16 Anticipated Future Loss Ratio, by duration, excluding Active Lives Reserves, of the block of business, for the next ten years:
- California :

Duration	Anticipated Loss Ratio
1 Year	84.6%
2 Year	82.9%
3 Year	87.6%
4 Year	92.6%
5 Year	97.9%
6 Year	103.5%
7 Year	109.4%
8 Year	115.7%
9 Year	122.3%
10 Year	129.3%

Nationwide :

Duration	Anticipated Loss Ratio
1 Year	112.4%
2 Year	110.1%
3 Year	116.4%
4 Year	123.0%
5 Year	130.0%
6 Year	137.5%
7 Year	145.3%
8 Year	153.6%
9 Year	162.4%
10 Year	171.7%

- 17 Realized (Accumulated) Historical Loss Ratio for this block of business
- California:
- Nationwide:

88.7%
66.5%

- 18 Anticipated (Discounted) Future Loss Ratio for this block of business
- California:
- Nationwide:

92.3%
122.6%

- 19 Anticipated Lifetime Loss Ratio for this block of business
- California:
- Nationwide:

88.8%
66.9%

- 20 The date when the last rate increase in California was implemented

October 17, 2009

- 21 The amount (%) of the last rate increase implemented in California:

10.0%

- 22 List the rate increases implemented in California each year, over the previous ten years, or since the year when the product was first marketed if the product has been marketed for less than ten years:
- | Year | Rate Change % |
|------|---------------|
|------|---------------|

2009	10.00%
2008	10.00%
2007	15.00%
2006	15.00%
2005	30.00%
2004	30.00%
2003	25.00%
2002	0.00%
2001	25.00%
2000	25.00%
1999	0.00%

23	List the weighted average of rate increases implemented nationwide over the previous ten years, or since the date when the product was first marketed if the product has been marketed for less than ten years [Earned premium dollars in each state should be used as weights] :	Year	Rate Change %
		2009	12.32%
		2008	11.02%
		2007	26.35%
		2006	15.90%
		2005	14.60%
		2004	29.20%
		2003	11.50%
		2002	13.00%
		2001	34.10%
		2000	
		1999	

24	Annual lapse rate for the past ten years – percentage of policyholders as of 1/1/xxxx that had lapsed by 12/31 of the same year: California :	Year	Lapse Rate
		2009	0.00%
		2008	0.00%
		2007	0.00%
		2006	25.00%
		2005	33.33%
		2004	25.00%
		2003	20.00%
		2002	47.37%
		2001	32.14%
		2000	9.68%

Nationwide :	Year	Lapse Rate
	2009	21.93%
	2008	25.20%
	2007	28.39%
	2006	23.77%
	2005	26.26%
	2004	26.90%
	2003	23.82%
	2002	28.69%
	2001	24.87%
	2000	18.43%

25	The main justifications for rate increase request (check box(es) that applies and in the box next to it enter percentage share of total):			
	Inflation,			
	utilization increases,			
	changing technology/application of newer forms of treatment			
	revision of geographic factors that are not revenue neutral			
	changing competitive environment			
	revision of original assumptions used for development of rates			
	adverse – actuarially credible - experience			
	Others, please explain below.			
		X	100%	100.00%

Explanation of "other" factors: Subpar historical experience

<b>Total</b>	<b>100.00%</b>
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26 The amount of rate increases applied for, concurrently with the present rate increase, in other states, and whether the rate increases have been approved/ authorized/ acknowledged, or pending approval/authorization/acknowledgement:

State	Annual premium Earnings (realized or anticipated)	Rate Increase requested	Rate Increase approved	Pending
1	144,529	2.6%	2.6%	
2	46,438	15.0%		Pending
3	55,850	18.0%		Pending
4	109,940	9.5%	9.5%	
5	113,872	35.0%		Pending
6	43,198	15.0%		Pending
7	29,515	20.0%		Pending
8	81,666	12.5%	12.5%	
9	45,346	30.0%	30.0%	
10	4,819	15.0%	15.0%	
11	51,177	6.0%		Pending
12	69,189	25.0%		Pending
13	37,818	10.5%		Pending
14	11,250	30.0%		Pending
15	41,224	23.0%	23.0%	
16	229,981	30.0%		Pending
<b>Weighted Average:</b>			<b>11.28%</b>	